

Senate Committee: Education and Employment

**QUESTION ON NOTICE
Additional Estimates 2015 - 2016**

Outcome: Early Childhood and Child Care

Department of Education and Training Question No. SQ16-000076

Senator Lines, Sue asked on 10 February 2016, Proof Hansard page 140

PC modelling

Question

Ms J Wilson: I need to check whether PC did a similar approach for how it looked at its tolerances. We can take that on notice. But PC also set a tolerance for its calculations.

Answer

When the Department of Education and Training was analysing the impact of the Package, it took into consideration a range of inputs such as current and historical administrative data, agreed economic parameters and used a conservative approach to the modelling. A five per cent tolerance was used in the analysis of the impacts on families to ensure that any observed differences between the current system and the new Package were meaningful. It is common practice to apply a tolerance in the modelling environment. While the tolerances used will vary between different models, applying a five per cent tolerance was considered reasonable in this particular circumstance.

Other Commonwealth departments, as well as external research agencies use various levels of tolerance in their modelling based on what they assess is appropriate for their specific model.